State of California

EMPLOYMENT TRAINING PANEL

M e m o r a n d u m

To:	Panel Members	Date:	June 22, 2007
From:	Ruby Cohen, Manager	Analyst:	J. Basquez
Subject:	One-Step Agreement for **LARES RESEARCH INC.**		

CONTRACTOR:

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
- Legislative Priorities: Promotion of California's Manufacturing Workforce Moving to a High Performance Workplace
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full-Time Employees
  - *Worldwide:* 86
  - *In California*: 81
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

CONTRACT:

- Program Costs: $212,576
- Substantial Contribution: $0
- Total ETP Funding: $212,576
- Total In-kind Contribution: $279,200
  - *Trainee Wages Paid During Training:* $279,200
  - *Other Contributions:* $0
- Reimbursement Method: Fixed-Fee
- County(is) Served: Butte

INTRODUCTION:

Lares Research Inc. (Lares Research) designs, manufactures, and distributes dental equipment principally, dental drills; known within the industry as “handpieces”. Lares Research also manufactures air abrasion cavity preparation systems and soft tissue dental lasers. The company is located in Chico (Butte County).

Due to the increased industry demand for high quality products at lower costs and rapid advancements in technology, Lares Research plans to train 73 of its employees to meet increased competition from manufacturers and suppliers outside of the United States and demand by customers for quick turnaround time for repair or replacement tools. Lares Research must implement Lean Manufacturing principles throughout the organization in order to remain a competitive manufacturing facility in California. The proposed training will provide skills and techniques necessary for its workforce needed to transition to the Lean environment as well as improved engineering methods and leveraging current state-of-the-industry technologies for improved efficiency.

Lares Research is eligible under Title 22 California Code of Regulations (CCR) 4416(i) (1) for standard retraining and enhanced reimbursement as a NAICS identified manufacturer.

MEETING ETP GOALS AND OBJECTIVES:

Lares Research proposes training that will further the following ETP goals and objectives:

1. Promote training for workers in areas of high unemployment in California.
2. Support manufacturing companies moving to a high performance workplace.
3. Foster job retention in industries threatened by out-of-state competition.
4. Promote California’s manufacturing workforce.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1/Retrainee	Menu: Business Skills, Computer Skills, Continuous Improvement, Hazardous Materials, Management Skills, Manufacturing Skills, Literacy Skills	73	24 - 200	2-80	$2,912	*$12.38-$45.65

Wages After 90-Day Retention

Occupation		
Production Workers Operations Workers Sales/Service Staff Engineers Administrative Staff Managers		
Health Benefits Used To Meet ETP Minimum Wage: *Health, dental and/or vision benefits of at least $2.50 per hour may be added to trainees' wages to meet the ETP minimum hourly rate of $12.38 for Butte County.	**Turnover Rate** 8%	**% Of Mgrs & Supervisors To Be Trained:** 5%
Other Employee Benefits: None.		

COMMENTS / ISSUES:

- ***Frontline Workers***

  All participants except 5 manager/supervisors (exempt from over time) in this project meet the Panel definition of frontline workers under Title 22 CCR Section 4400(ee).

COMMENTS / ISSUES: (continued)

- ***Production During Training***

  The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

RECOMMENDATION:

Staff recommends that the Panel approve this proposal. This approval will enable Lares Research to train their staff in skills necessary for a high performance workplace. The training will also enhance retention of full-time jobs in Butte County, a high unemployment area of the state. However, the contractor is not requesting special HUA waivers for this project.

NARRATIVE:

Lares Research has been a California-based employer since 1956 when it was founded by brothers Joe and Al Lares as a precision machine shop and contract supplier. Lares Research grew steadily throughout the years and in the 1970's began to manufacture its own patented designs for high-speed dental hand-pieces. Continuing as a family-owned business, the company has grown and expanded and now competes on a global scale.

Today, Lares Research continues as a small business manufacturer with a full portfolio of products for the dental industry and an impressive employee retention rate, providing long-term employment for their workforce in Butte County, an area known for its agriculture industry than for medical device manufacturing.

Lares Research proposes to offer the following types of training:

Continuous Improvement: all occupations will receive teambuilding in understanding differences in styles and how it affects comprehension for work requirements and work completion to compliance to quality system and regulatory requirements. Lean principles training will include 5S, Value Stream Mapping, Visual Controls, Kaizen for sustained improvement, inspection and statistical process control to name a few. There will also be training conducted to assure that total quality management objectives are met in the manufacture and assembly of medical devices. Training in advanced project management will improve thru continuous improvement projects and Lean implementation.

Leadership training for frontline workers will be provided to upgrade job skills and leadership abilities, as these skills are necessary during the transition to a high performance workplace.

Business Skills: training will be provided to all occupations to enhance business proficiency in report writing and technical writing, quality system, and communication skills training will be delivered to all workers to foster a culture that values individual workers and empower trainees by providing skills needed to communicate in an environment where processes undergo change.

NARRATIVE: (continued)

Computer Skills: computer skills training will be delivered to all workers based on specific needs of workers for effective implementation of a high performance workplace, including training on systems related to planning, scheduling, reporting and in-process data. Training for production workers and engineers in software programs will integrate design build processes.

Management Skills: management will receive training in coaching skills for high performance workers to improve motivation of workers and help with Lean implementation culture. Management decision-making training will be delivered to managers to improve timeliness of decision-making and decisive and persuasive decisions to be made. Topics such as leadership skills, managing teams, setting and achieving goals, leading change, conflict resolution and effective coaching will equip the management team with the needed skills to support and lead the frontline workforce as the company learns to function in teams needed during this transition to a high performance workplace.

Manufacturing Skills: production workers, operations workers and engineers will receive manufacturing skills training designed to enhance specific manufacturing skills such as turning and milling, CNC programming, SPC procedures and inspection processes. Manufacturing skills training will be required to implement LEAN principles. Inspection techniques training will also be delivered.

Hazardous Materials: training of select members in hazardous materials will provide and enhance understanding of chemical handling storage and disposal of hazardous materials. This training is above and beyond requirements by state or federal government.

Literacy Skills: production and operation workers will receive job-related literacy skills training to improve understanding of required product and process documentation. Training delivery will enhance Lean implementation and waste reduction due to language misunderstandings in product documentation.

Commitment to Training

Currently, Lares Research does not have specific training budget line item allocated to training.

Training provided by Lares Research includes new hire orientation, basic computer skills, basic job skills, and all training as required by the state of California, as well as all federally mandated requirements. The current training efforts provide limited training to meet the requirements of individual manufacturing and assembly of product, as well as mandated training for regulatory updates, auditing or an occasional business related need.

NARRATIVE: (continued)

With ETP funding as the catalyst, Lares Research will be proactive in providing the initial foundation for a structured, formalized training program. Lares Research anticipates an estimated $50,000 for the upcoming fiscal year to support the training initiative prompted by Lean implementation. After the completion of ETP-funded training, the company estimates that training budget will be established as an ongoing line item for the company. With the gains realized by Lean implementation, Lares Research anticipates the benefit of additional capacity without having to add personnel and the associated costs of new-hire training.

SUBCONTRACTORS:

California Manufacturers & Technology Association assisted with the development of the project at no charge to the contractor.

THIRD PARTY SERVICES:

None.

Lares Research Inc.

MENU CURRICULUM

Class Lab Hours
(24-200) Trainees will receive any of the following:

BUSINESS SKILLS
Business and Report Writing
Communication Skills

COMPUTER SKILLS
Intermediate/Advanced Microsoft Office Suite
Visio (diagramming software)
MS Project
INFOR (Visual Enterprise Software)
SQL Programming for databases
SolidEdge Modeling for Engineers
MasterCAM for Manufacturing CNC programming
Network Security Protocols for secure merchant server environments
Crystal Reports-10 Software

CONTINUOUS IMPROVEMENT
Corrective and Preventive Action Procedures and Recordkeeping
ISO 13485:2003 Procedures and Recordkeeping
ISO 14971 Risk Assessments and Risk Management
Lean Principles Overview
Value Stream Mapping
5S for the Manufacturing Workplace
Kaizen Teambuilding and Deployment Coordination
Visual Management Systems and Controls
Waste Reduction Analysis
Process Cost Reduction
Single Piece Flow
Inspection Application and Procedures
Material Rejection and Disposition Procedures
SPC (Statistical Process Control) Implementation and Procedures
Just-in-Time Management Procedures
Leadership skills for frontline workers

MANAGEMENT SKILLS (for Managers only)
Coaching High Performance Employees for Motivation and Results
Management Decision-making
Leadership Skills for Managers

Lares Research Inc.

MENU CURRICULUM (continued)

MANUFACTURING SKILLS
Internal Process Instruction (PI) – Component item specific
Standard Manufacturing Process (SMP) – Process specific
Operating Process and Procedure cross training
Forklift cross-training
Statistical Skills for SPC
Total Productive Maintenance

HAZARDOUS MATERIALS
HAZWOPR for hazardous materials coordination
Metal Finisher Waste Water Stream Procedures

LITERACY SKILLS (not to exceed 45% of the total job specific skills training hours)
VESL: Vocabulary, Reading, Writing (job-related) terminology

CBT Hours
(2-80)

Trainees will receive any of the following:

Manufacturing Skills
Geometric Dimensioning and Tolerancing (GD&T) (5)
Hole Inspection (5)
Measuring System Analysis (5)
Thread Inspection (5)
Creating a Turning Program (5)
Creating a Milling Program (5)
Milling Calculations (5)
Turning Calculations (5)
Tooling Geometry (5)
Drill Geometry (5)
ANSI Insert Selection (5)
Optimizing Insert Life (5)
Cutting Variables (5)